



## Memorandum

Date March 14, 2002

From Regional Inspector General  
for Audit Services, Region V

Subject The President's Council on Integrity and Efficiency Debt Collection Initiative at the  
Centers for Medicare and Medicaid Services, Region V Regional Office, for the Period  
Ending September 30, 2000 (Common Identification Number: A-05-0 1-00033)

To

Dorothy Burk Collins, Regional Administrator  
Centers for Medicare and Medicaid Services

Enclosed are two copies of the subject Office of Inspector General report. A copy of this of this report will be forwarded to the action official noted below for review and any action deemed necessary.

Final determinations as to actions taken on all matters reported will be made by the action official. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-23 1, Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act. (See 45 CFR Part 5.) As such, within 10 business days after the final report is issued, it will be posted on the world wide web at <http://www.hhs.gov/>.

To facilitate identification, please refer to Common Identification No. A-05-0 1-00033 in all correspondence relating to this report.

Sincerely,

Paul Swanson  
Regional Inspector General  
for Audit Services

Direct Reply to HHS Action Official:  
Jeff Chaney  
HHS/CMS/CO/OFM  
N3-11-07, North Building  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**THE PRESIDENT'S COUNCIL ON  
INTEGRITY AND EFFICIENCY DEBT  
COLLECTION INITIATIVE AT THE  
CENTERS FOR MEDICARE AND  
MEDICAID SERVICES  
REGION V REGIONAL OFFICE  
FOR THE PERIOD ENDING  
SEPTEMBER 30, 2000**



**JANET REHNQUIST**

Inspector General

**MARCH 2002**

**A-05-01-00033**

# *Office of Inspector General*

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**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**THE PRESIDENT'S COUNCIL ON  
INTEGRITY AND EFFICIENCY DEBT  
COLLECTION INITIATIVE AT THE  
CENTERS FOR MEDICARE AND  
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FOR THE PERIOD ENDING  
SEPTEMBER 30, 2000**



**JANET REHNQUIST**  
Inspector General

**MARCH 2002  
A-05-01-00033**

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## **OAS FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed as well as other conclusions and recommendations in this report represent the findings and opinions of the **HHS/OIG/OAS**. Final determination on these matters will be made by authorized officials of the HHS divisions.





# Memorandum

Date March 14, 2002

From Regional Inspector General  
for Audit Services, Region V

Subject The President's Council on Integrity and Efficiency Debt Collection Initiative at the  
Centers for Medicare and Medicaid Services, Region V Regional Office, for the Period  
Ending September 30, 2000 (Common Identification Number: A-05-01-00033)

To

Dorothy Burk Collins, Regional Administrator  
Centers for Medicare and Medicaid Services

This report represents the results of our subject review. Our objectives were to determine the amount and collectibility of non-tax delinquent debt that was owed to Medicare and reported by the Centers for Medicare and Medicaid Services (CMS), Region V Regional Office (RO), as of September 30, 2000. The Debt Collection Improvement Act (DCIA) of 1996 requires Federal agencies to refer eligible delinquent debt to a designated Debt Collection Center of the U.S. Treasury for cross servicing and offset through the Treasury Offset Program.

To accomplish our objectives, we assessed whether the outstanding accounts receivable balances and related delinquent balances, reported on the RO R75 1 financial reports, were complete and properly recorded, supported, and valued, as of September 30, 2000. In addition, we determined that: (1) appropriate procedures were in place at the RO for the timely recovery of debts, in accordance with the Debt Collection Improvement Act (DCIA) of 1996, and (2) the Medicare contractors and the RO were in compliance with the guidance for the Medicare Secondary Payer (MSP) Write Off/Adjustment of accounts receivable settlements. Our audit tests included a review of 34 randomly selected non-MSP balances, which were part of a nationwide sample, and a judgmentally selected sample of 30 MSP balances from the total transferred to the RO from the Medicare contractors.

Although we believe that the RO has reported and properly accounted for their outstanding accounts receivable and delinquent balances without any material misstatements, our review did disclose relatively minor discrepancies with the non-MSP principle balance reported by the RO. At September 30, 2000, the RO R751 reports disclosed Part A and Part B non-MSP accounts receivable of \$47,907,053 in principal and \$8,884,022 in interest and Part A and Part B MSP accounts receivable of \$42,112,903 in principal and \$30,132,268 in interest. The MSP balances consisted of amounts transferred from the contractors as part of CMS's MSP Write Off/Adjustment of accounts receivables related to global settlements. The noted discrepancies pertain to a net overstatement of \$410,917 that was attributed to were attributable to problems detected in our reconciliation of the RO financial reports and the review of the sampled



items. The discrepancies included improper location codes on the Provider Overpayment Report (POR) and the Physician Supplier Overpayment Report (PSOR), inaccuracies between account balances on the R751 and the POR or PSOR, duplicate amounts, and unrecognized collections. We found that 44 percent of the sampled non-MSP receivables with inaccuracies in their outstanding principal balances. We also noted problems with the due diligence exercised by the RO in its collection efforts for 26 percent of the 34 receivables reviewed.

The RO's and contractor's monitoring and reporting of MSP Write Off/Adjustment of accounts receivable related to global settlements was generally compliant with the CMS guidance.

We are recommending that the RO make appropriate financial adjustments to the applicable September 30, 2000 financial reports for the non-MSP overstatements and understatements disclosed in our review. We are also recommending improvements to the RO's procedures for monitoring, classifying, and collecting Medicare receivables.

CMS has concurred with all recommendations, except for adjusting an understatement of \$1,041,012, related to 11 overpayments that were not included on the September 30, 2000 R751 report. CMS believes that the 11 overpayments were not reportable since they were closed prior to September 30, 2000. We have included the full text of CMS's response in Appendix A.

## **INTRODUCTION**

### **BACKGROUND**

Medicare accounts receivable primarily represent funds owed to the Centers for Medicare and Medicaid Services (CMS), formerly the Health Care Financing Administration, due to: (1) Medicare overpaying providers for a variety of reasons and (2) Medicare paying claims, when other entities should have paid as the primary insurers, with Medicare being the secondary payer. The former situation is referred to as non-Medicare secondary payer (non-MSP), and the latter is commonly called Medicare Secondary Payer (MSP). Once these overpayments are determined, the contractor will report the overpayment as a receivable (i.e., debt) owed to the Medicare program. The Medicare contractor will not be liable for overpayments that are made to providers in the absence of fraud or gross negligence by the contractor. As agents of CMS, the contractor must attempt recovery of these overpayments in accordance with CMS policies and the DCIA. The DCIA requires Federal agencies to transfer or refer delinquent debt (over 180 days old) to a Debt Collection Center (DCC) of the Department of Treasury for cross servicing.

The CMS utilizes the Provider Overpayment Reporting system to record and track amounts associated with non-MSP Medicare Part A accounts receivable. The CMS relies on this system as a uniform method for tracking and reporting overpayments and receivables data and for compiling information for management's use. The contractors categorize the receivables in this system using codes that indicate the physical location of

the receivables, such as those at contractors, at various locations within the CMS, and at the Department of Justice.

Although managing the accounts receivable balances is a shared responsibility of the Medicare contractors, the CMS Regional Offices (RO), and the CMS Central Office (CO), the Medicare contractors manage the majority of the account receivable for CMS. Their responsibilities include the accounting for accounts receivable and the quarterly reporting of collection activities and the current balances to CMS, using the “Contractor Financial Reports” (H750/751 and M751 reports). The receivables that are tracked on the POR are reported to CMS on the H751A and H751B reports. MSP debts are reported quarterly on the H751A, H751B and M751 reports. The M751 report is specifically designed to include only MSP debt; whereas, the H751s summarizes both non-MSP and MSP debt. MSP receivables occur when Medicare contractors pay claims as the primary insurer, subsequently discover that MSP situations exist, and seek recovery from the other insurers.

Medicare contractors, who transfer accounts receivable transactions to the Regional Office (RO), must record the accounts receivable and any interest as a write-off or transferred amount on the H751s. For those RO accounts receivable transactions transferred, the Medicare contractors’ H751s must distinguish whether or not the accounts receivable transactions were recorded on the CMS’s POR or PSOR. In either case, the accounts receivable transactions transferred to the RO by the Medicare contractors should no longer be in the ending accounts receivable balance on the H751s.

The CMS’s CO and ROs are responsible for managing the balances transferred by the contractors. For financial reporting purposes, the CMS’ accounts receivable are taken from the Regional Office Status of Accounts Receivable Reports (CMS Forms R751 A/B, RC751 A/B and RM751 A/B) and the H751s (amount reported as transfer to RO). In addition to these financial reports, CMS utilizes the POR and PSOR to report accounts receivable activity for the RO, Office of General Counsel (OGC), Department of Justice (DOJ), and Central Office/Debt Collection Center (CO/DCC). The location status code on the POR or PSOR indicates the location of the receivable.

The RO’s responsibilities include, but are not limited to, the following:

- monitoring and evaluating the contractors’ overpayment activities,
- assuring that contractors refer the Part A and B overpayment cases with no activity for more than 180 days to the RO for further processing,
- reviewing and making a determination on requests for extended repayment schedules of more than 12 months, but no more than 36 months,
- taking aggressive collection action on uncollected accounts,



- ensuring that contractors' overpayment calculations are correct and collection efforts follow appropriate procedures, and
- sending demand letters or personally contacting debtors.

One of CMS's financial management initiatives for Fiscal Year 2000 was the identification and write-off of accounts receivable related to MSP settlement of Group Health Plan (GHP) coverage. CMS agreed to settle all outstanding GHP accounts receivable for a specific time period. Therefore, GHPs were released from further collection activities. Contractors, having GHP receivables that met the settlement terms, either transferred the balances to the RO as uncollectible or wrote them off as unsupported. Regarding this effort, referred to as the "settlement cleanup", CMS provided guidance to the contractors and ROs in the Program Memorandum, Change Request 899, dated March 2000.

## **SCOPE AND METHODOLOGY**

Our audit was conducted under Generally Accepted Government Auditing Standards. Our audit objectives were (i) to determine the amount of non-tax debt owed to Medicare and (ii) to assess its collectibility, as of September 30, 2000.

To accomplish these objectives, we determined whether the account receivable balances, reported by the RO on the September 30, 2000 reports (R751 and RC751), were recorded, supported, complete, and properly valued. We assessed the RO's efforts to pro-actively collect the delinquent debt before it is referred to the Treasury for collection. We also evaluated the RO's efforts to reduce losses arising from inadequate debt management activities. We determined whether (1) all debt transferred to the RO was supported, (2) appropriate RO procedures were in place for the timely recovery of debts in accordance with the DCIA, and (3) the Medicare contractors and the RO were in compliance with the CMS guidance on the MSP Write Off/Adjustment of accounts receivables related to settlements. In making these determinations, we reviewed applicable laws and regulations, interviewed key RO staff, and reconciled non-MSP and MSP accounts receivable balances, reported on the quarterly H751s, R751, RC751, RM751, POR and PSOR, and in the H751s, M751, RM751 and MSP-GHP settlement summaries, respectively.

We reviewed 34 non-MSP accounts receivable from a random sample of 450 selected by our Boston Regional Office (Region I). Consequently, the results of our review were provided to Region I for a national projection to be included in their nationwide report to CMS. We also selected a judgment sample of 30 MSP accounts receivables that were transferred to the RO from the Medicare contractors as part of CMS's MSP Write Off/Adjustment of global settlement accounts receivable.

We performed our audit from January 2001 through July 2001 at the CMS RO in Chicago.

## FINDINGS AND RECOMMENDATIONS

Although the RO has reported and properly accounted for their total outstanding accounts receivable and delinquent balances without any material misstatements, our review did disclose relatively minor discrepancies with the accounts receivable balances reported by the RO and problems with due diligence collection activities. At September 30, 2000, the RO R751 reports disclosed Part A and Part B non-MSP accounts receivable of \$47,907,053 in principal and \$8,884,022 in interest and Part A and Part B MSP accounts receivable of \$42,112,903 in principal and \$30,132,268 in interest. We determined that the non-MSP principle balance was overstated by a net amount of \$410,917. This amount was comprised of a net understatement of \$798,472, identified during our reconciliation of the RO financial reports, offset by an overstatement of \$1,209,389, identified during our review of the 34 non-MSP sample items. We believe that the inaccuracies in account balances of the non-MSP sample items and problems with the due diligence exercised by the RO in attempting to recover the uncollected amounts, indicate a need for the RO to improve its collection efforts.

### Non-Medicare Secondary Payer (Non-MSP)

**Reconciliation of Accounts Receivable Balances.** Our reconciliation of the RO's non-MSP financial reports (R751 and RC751) to the POR and PSOR disclosed that the Part A and Part B non-MSP accounts receivable balances were understated by a net amount of \$798,472 at September 30, 2000. The net understated amount consists of an overstatement of \$1,654,019 and an understatement of \$2,452,491.

**Overstatements.** Per the POR or PSOR, the location code for 14 accounts receivable indicated that the balance was not the responsibility of the RO. Therefore, the RO balances were overstated by \$1,055,071, as follows:

- Ten balances (nine Part A - \$296,553 and one Part B - \$280,500) with location codes indicating that the balances were transferred to the Department of Justice;
- Two Part A balances (\$222,721) with location codes, indicating the transfer to the Department of Justice, and POR H codes, representing excludable overpayments for unfilled provider cost reports;
- One Part B balance (\$173,620) with a PSOR location code, indicating Office of General Counsel responsibility; and
- One Part A balance (\$81,677) with a POR location code, indicating that the accounts receivable was at the Debt Collection Center.

We also determined that one Part A balance, totaling \$524,254, was reported twice on the R751, and 17 balances, totaling \$74,694 (six Part A - \$68,741 and 11 Part B - \$5,953), were reported on the R751 for amounts greater than the balances reported on either the POR or PSOR.

**Underpayments.** We determined that 32 balances, reported on either the POR or PSOR, were not recorded on the R751. This resulted in an understatement of \$2,452,491. These balances consisted of:

- Twenty Part A receivables from the Chicago RO, totaling \$1,955,966, and
- Twelve receivables from the Kansas City RO, totaling \$496,525.

The Kansas City receivables were comprised of three Part A balances (\$172, 242), six Part A balances, identified as Currently Not Collectible (\$221,037), and three Part B balances (\$103,246).

### **Sample Analysis**

Our review of 34 randomly selected non-MSP balances disclosed that 15 (44 percent) had overstated principal balances, amounting to \$ 1,209,389. Details are, as follows:

- Five balances, amounting to \$470,059 (\$469,204 Part A and \$855 Part B), should no longer be considered receivables since final legal proceedings determined that these amounts were uncollectible.
- Four balances, totaling \$283,264 (\$279,065 Part A and \$4,199 part B), were fully recouped.
- Two Part A balances (amounting to \$311,434), referred for legal action, could not be supported by any OGC documentation.
- Two Part A balances (totaling \$76,665), referred to OGC with a CMS recommendation to terminate collection action, were concurred in by OGC.
- One Part A receivable had a partial recovery of \$59,812 that was not applied to the balance.
- One Part B balance of \$8,155 could not be supported with documented evidence.

In addition, our review disclosed problems with the due diligence exercised by the RO in its attempts to effectuate collections on 9 of the 34 receivables (26 percent). Details are, as follows:

- One receivable had no evidence that any collection demand letters were sent.
- Two receivables had demand letters that were not sent within the required 90 days of receipt of the receivable in the RO.
- Five receivables had incorrect status codes.
- One receivable, attributable to the provider's bankruptcy, was not forwarded to OGC for legal action for two years.

We believe the number and type of problems detected in our sample indicates that the RO needs to improve its procedures for monitoring, classifying and collecting non-MSP Medicare receivables.

### **Medicare Secondary Payer (MSP)**

Our review disclosed that the RO's and contractor's MSP Write Off/Adjustment of accounts receivable related to global settlements was generally compliant with the CMS guidance. We reconciled the RO's MSP-GHP Global Settlement summaries to the September 30, 2000 financial reports (H751s, M751 and RM751) and satisfied ourselves that written off receivables existed and were supported.

### **RECOMMENDATIONS**

We recommend that the RO:

1. Reduce the September 30, 2000 non-MSP account receivable balance reported to CMS by \$410,917, through the following adjustments:
  - reduce the 14 balances, totaling \$1,055,071, that had non-RO location codes on the POR and PSOR,
  - eliminate the duplicated balance of \$524,254,
  - reduce the 17 balances, amounting to \$74,694, that had greater amounts reported on the R751 than on the POR and PSOR,
  - reduce the 15 balances, amounting to \$1,209,389, that were either partially or fully recovered or were determined to be uncollectible, and
  - increase the 32 balances, totaling \$2,452,491, that were on the POR and PSOR but not on the R751.
2. Improve its procedures to ensure adequate and timely.
  - monitoring and reconciling of balances, status codes, and location codes, reported on the POR and PSOR,
  - sending of demand letters, and
  - following up with OGC on receivables referred for legal action or advice.

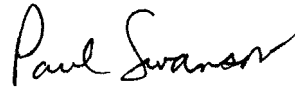
### **CMS Response**

CMS has concurred with all of our recommendations, except for adjusting an understatement of \$1,041,012, related to 11 overpayments that were not included on the September 30, 2000 R751 report. CMS believes that the 11 overpayments were not reportable since they were closed prior to September 30, 2000. We have included the full text of CMS's response in Appendix A.

### **OIG Response**

We disagree with CMS. During the course of the audit, CMS could not provide documentation to substantiate that the 11 overpayments were recovered prior to September 30, 2000. We noted that the 11 overpayments were reported on the POR as of

September 30, 2000 and were not officially closed until March 9, 2001. Accordingly, the R75 1 was understated by \$1,041,012 for the period ending September 30, 2000.

A handwritten signature in black ink that reads "Paul Swanson". The signature is written in a cursive style with a large, looped 'P' and a trailing flourish.

Paul Swanson

Region V  
Centers for Medicare & Medicaid Services



## Memorandum

Date FEB 14 2002

From Regional Administrator

Subject The President's Council on Integrity and Efficiency Debt Collection Initiative at the Centers for Medicare and Medicaid Services (CMS), Region V Regional Office (RO), for the Period Ending September 30, 2000 (Common I.D. No. A-05-01-00033)  
- Draft Report -

To Regional Inspector General for Audit Services  
Region V

Refer to BCB-6


We appreciate the opportunity to comment on the draft report. I would also like to express my thanks to you and your staff for your work on this report and for recognizing our accomplishments to improve our efficiency in debt collections and financial reporting.

The reports states that we reported and properly accounted for the total outstanding accounts receivable balances without any material misstatements and that only minor discrepancies were noted. In addition, our Medicare Secondary Payer (MSP) accounts receivable adjustments were generally compliant with CMS guidance.

We have taken a number of steps to strengthen and improve our debt collection process and improve financial reporting. Among the most important steps we have taken is to implement an improved reconciliation process requiring a quarterly review of the overpayment reports. Also beginning in March 2002, we plan to provide a quarterly Bankruptcy Tracking Report (BTR) to our Office of General Counsel (OGC) to ensure current and accurate reporting of accounts receivable amounts and case disposition. On a national level, CMS issued revised debt referral instructions which will improve the classification of debt.

Attached are our comments on the specific recommendations in the report, including general and technical comments.

If you have any questions regarding our comments, please contact Gloria Walker, Manager, Budgets and Collections Branch at (312) 353-9857.

  
Dorothy Burk Collins

Attachment

## Attachment

General Comments

Appropriate adjustments to the financial reports for the non-MSP overstatements and understatements have been applied and requirements for write-off approval for two of the items cited are currently proceeding through the CMS established write-off protocol. Following is our response to your recommendations:

**Office of Inspector General (OIG) Recommendation #1** Reduce the September 30, 2000 non-MSP account receivable balance reported to CMS by \$410,917, through the following five adjustments:

- reduce the 14 balances, totaling \$1,055,071, that had non-RO location codes on the Provider Overpayment Report (POR) and Physician and Supplier Overpayment Report (PSOR).

**CMS RO Response** We agree with the OIG finding. Per RO 75 1 instructions, adjustments to the beginning balance should be reported on line 5a of R75 1 reports and line 4e of RC75 1 reports. We reported downward adjustments as of 09/30/2001 as follows:

R75 1, line 5a (internal)	(8 cases)	(\$844,678)
R751, line 5a (auditor adjustments)	(5 cases)	(\$128,716)
RC75 1, line 4e (other)	<u>(1 case)</u>	<u>(\$81,677)</u>
totals	(14 cases)	(\$1,055,071)

The Chicago RO received POR/PSOR location reporting responsibility clarification from CO in January 2001. We made adjustments for 9 cases during 12/31/2001 reporting. In addition, a date transferred field was added to the Overpayment Tracking System (OTS) that removes an overpayment from RO reporting responsibility.

- eliminate the duplicated balance of \$524,254.

**CMS RO Response** We agree with the OIG finding. Per RO 75 1 instructions, adjustments to the beginning balance should be reported on line 5a of R751 reports. We identified this duplicate overpayment while preparing 751 reporting for the quarter ended 12/31/2001 and reported it as a negative adjustment of \$524,254 on R75 1, line 5a (internal).

- reduce the 17 balances, amounting to \$74,694, that had greater amounts reported on the R75 1 than on the POR and PSOR.

**CMS RO Response** We agree that the 751 reported amounts exceed the POR and PSOR; however, the POR and PSOR balance is not always completely updated for 75 1 reporting. Per RO 751 instructions, adjustments to the beginning balance should be reported on line 5a of R751 reports and line 4e of RC75 1 reports. We reported the adjustments as of 09/30/2001 as follows:

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R75 1, line 5a (Part A)	(6 cases)	\$68,742)
R75 1, line 5a (Part B)	(3 cases)	(\$609)
RC75 1, line 4e (Part B)	<u>(4 cases)</u>	<u>(\$ 1 5 7 )</u>
totals	(13 cases)	(\$69,508)

In reviewing the overpayments, we determined the 75 1 amounts to be accurate with the PSOR updated for the correct higher balance as follows:

R751, Part B	3 cases	\$95
RC751, Part B	<u>1 case</u>	<u>\$ 4 . 9 0 2</u>
totals	4 cases	\$4,997

- reduce the 15 balances, amounting to \$1,209,389, that were either partially or fully recovered or were determined to be uncollectible.

**CMS RO Response** We agree with the OIG finding. We closed twelve overpayments on the RO OTS. For one overpayment, we entered partial recoupment with the overpayment remaining open on the RO OTS. As of 09/30/2001, we reported 13 overpayments as follows:

R75 1, line 5a (internal)	(2.5 cases)	(\$22,999)
R75 1, line 5a (auditor adjustments)	(6 cases)	(\$618,120)
R75 1, line 6a (bad debt)	(.5 case)	(\$1,924)
RC75 1, line 4d	(3 cases)	(\$195,100)
RC75 1, line 4e	<u>(1 case)</u>	<u>(\$59,812)</u>
totals	(13 cases)	(\$897,955)

For the remaining two overpayments (\$3 11,434) there has been no 75 1 reporting adjustment to date. The files could not be located at OGC location and OGC indicated the files were likely purged due to no ongoing significance. For one of these cases, no collection effort was applied due to file unavailability. The RO is currently preparing these cases for write-off through established CMS protocols.

- increase the 32 balances, totaling \$2,452,491, that were on the POR and PSOR but not on the R75 1.

**CMS RO Response** We agree that the 32 POR/PSOR balances were not reported on the R75 1 and RC75 1; however, the POR and PSOR balances are not always completely updated for 75 1 reporting. The correct underreported amount is \$1,411,479. Per RO 751 instructions, adjustments to the beginning balance should be reported on line 5a of R75 1 reports and line 4e of RC75 1 reports. We reported upward adjustments as of 09/30/2001 as follows:

R75 1, line 5a (internal)	15 cases	\$1,190,442
RC75 1, line 4e (other)	<u>6 cases</u>	<u>\$221,037</u>
totals	21 cases	\$1,411,479



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For the remaining 11 overpayments (\$1,041,012), we determined the balances were not reportable as of 09/30/2000 due to being closed. The overpayments were open on the POR as of 09/30/2000, but closed during Fiscal Year 2001.

**OIG Recommendation #2** We agree with the OIG finding. Improve its procedures to ensure adequate and timely:

- monitoring and reconciling of balances, status codes, and location codes, reported on the POR and PSOR

**CMS RO Response** Regarding monitoring of accounts receivable, the RO established an improved reconciliation process which entails a quarterly review of the POR and the PSOR in comparison to the RO OTS. Variances identified are resolved prior to related HCFA 751 financial reporting. As part of a national objective to improve debt collection, CMS issued new and more detailed instructions regarding status codes necessary for classification, collection effort, and referral/write-off disposition of accounts receivable.

- sending of demand letters

**CMS RO Response** For the case cited, no demand letter collection effort was applied due to file unavailability. The RO is currently preparing this case for write-off through established CMS protocols. RO staff will ensure to send demand letters for cases transferred to the RO in accordance with established CMS procedures.

- following up with OGC on receivables referred for legal action or advice

**CMS RO Response** CMS provided training on August 30, 2001, to all ROs regarding implementation of the RO "BTR". The objective is to provide a method of consolidating financial reporting of bankruptcy cases and understanding the magnitude and nature of bankruptcy related overpayments. Beginning in March of 2002, we plan to provide a quarterly BTR to OGC and request their review and update to ensure current and accurate reporting of accounts receivable amounts and case disposition.